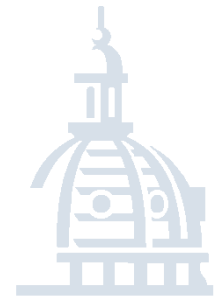


Fiscal Note

Fiscal Services Division



HF 2408 – E911 Surcharge Fund (LSB6014HV)

Analyst: Alice Wisner (Phone: (515) 281-6764) (alice.wisner@legis.iowa.gov)

Fiscal Note Version – New

Description

House File 2408 relates to the distribution and expenditures of the E911 Emergency Communications Service surcharge. The bill establishes a priority of funding, increases the amount of moneys allocated for funding to the Public Safety Answering Points (PSAPs), and limits the carryover amount to \$3.5 million annually. The bill also requires the Department of Homeland Security and Emergency Management to conduct a study by January 15, 2017, to determine the most efficient method to consolidate public safety answering points.

Background

Currently, 46.0% of the total amount of E911 surcharge generated per calendar quarter is distributed to the Public Safety Answering Points (PSAPs). There are 114 PSAPs in the state, including the Department of Public Safety. This bill changes the initial distribution to PSAPs to 60.0% of the total amount of E911 surcharge generated per calendar quarter. The allocation of that 60.0% of the surcharge revenue will continue to be in proportion to the PSAP square mileage, and the number of wireless E911 calls received by each PSAP. The bill also eliminates the accumulation of a carryover operating surplus in the fund by directing the program manager to expend and distribute all of the funds except for \$3.5 million. This is the amount needed in reserve in case of a catastrophic occurrence within the system.

The priority order for distributing funds from the E911 Emergency Communications Fund upon enactment of this bill will be:

1. An amount appropriated by the General Assembly to implement, support, and maintain the functions of the director and program manager and employ the state auditor to perform an annual audit of the E911 fund. This amount has previously been set at \$250,000 per fiscal year.
2. Sixty percent allocated to the individual PSAPs based on a formula. This formula allocates 65.0% in proportion to the square miles of the PSAP service area to the total square miles in the state, and 35.0% allocated in proportion to the wireless E911 calls received at the PSAP to the total calls received statewide. This amount is estimated to be \$16.8 million beginning in FY 2017. No PSAP would receive less than \$1,000 per quarter.
3. Ten percent of the total amount of surcharge revenue is available to the wireless carriers to recover their costs to deliver E911 Phase I services.
4. Reimbursement of communications service providers on a quarterly basis for their eligible transport costs.
5. Wire-line carriers and third-party E911 automatic location information costs.
6. Grants to any PSAP agreeing to consolidate. A grant shall not exceed one-half of the projected cost of consolidation, or \$200,000, whichever is less.
7. An amount not to exceed \$100,000 for development of public awareness and educational programs for personnel responsible for the maintenance, operation, and upgrading of local E911 systems.

8. Any remaining funds will be distributed equally to the PSAPs to fund future network improvements and the receipt and disposition of 911 calls, for costs related to accessing the state's interoperable communications system; and costs related to the receipt and disposition of E911 calls, and wireless carriers' transport costs related to wireless E911 services, if those costs are not otherwise recovered.

Assumptions

- Revenues will continue to be generated as they have been in past years, and are estimated to be \$28.1 million annually.
- Beginning in FY 2017, annual projected expenses (other than direct payments to the PSAPS) are estimated to be \$6.7 million.

Fiscal Impact

There is no impact to the General Fund as all revenues are from the E911 wireless surcharge. The following table summarizes the revenues and expenses projected under this bill.

Projected Revenue & Expenditures - E911 Emergency Communications Fund

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Projected Revenue	\$28,075,000	\$28,075,000	\$28,075,000	\$28,075,000	\$28,075,000
Carryover Fund Brought Forward	\$19,798,811	\$8,734,811	\$3,500,000	\$3,500,000	\$3,500,000
Total Revenue	<u>\$47,873,811</u>	<u>\$36,809,811</u>	<u>\$31,575,000</u>	<u>\$31,575,000</u>	<u>\$31,575,000</u>
Projected Expenses	\$13,149,000	\$6,664,000	\$6,664,000	\$6,664,000	\$6,664,000
PSAP 60% Pass Through	\$12,880,000	\$16,800,000	\$16,800,000	\$16,800,000	\$16,800,000
Total Expenses	<u>\$26,029,000</u>	<u>\$23,464,000</u>	<u>\$23,464,000</u>	<u>\$23,464,000</u>	<u>\$23,464,000</u>
Total Projected Operating Surplus	\$21,844,811	\$13,345,811	\$8,111,000	\$8,111,000	\$8,111,000
Catastrophic Reserve	\$3,500,000	\$3,500,000	\$3,500,000	\$3,500,000	\$3,500,000
Incentive/Grant Available Amount	<u>\$18,344,811</u>	<u>\$9,845,811</u>	<u>\$4,611,000</u>	<u>\$4,611,000</u>	<u>\$4,611,000</u>

The funding increase or decrease by individual PSAP would vary.

Source

Homeland Security and Emergency Management Department

/s/ Holly M. Lyons

March 1, 2016

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.